with the selection of recipients of assistance, and includes the evaluation of applications.

"(f) REGULATIONS.—The Secretary shall issue such regulations as the Secretary deems appropriate to implement this section.

"(g) APPLICABILITY.—This section shall apply only with respect to violations that occur on or after the date of the enactment of the Department of Housing and Urban Development Reform Act of 1989.".

SEC. 104. REFORM OF HEADQUARTERS RESERVE.

(a) FUNDING CATEGORIES.—Section 213(d)(4) of the Housing and Community Development Act of 1974 is amended to read as follows:

42 USC 1439.

"(4)(A) Notwithstanding any other provision of law, with respect to fiscal years beginning after September 30, 1990, the Secretary may retain not more than 5 percent of the financial assistance that becomes available under programs described in subsection (a)(1) during any fiscal year. Any such financial assistance that is retained shall be available for subsequent allocation to specific areas and communities, and may only be used for—

Disaster assistance.

"(i) unforeseen housing needs resulting from natural and other disasters;

"(ii) housing needs resulting from emergencies, as certified by the Secretary, other than such disasters;

"(iii) housing needs resulting from the settlement of litigation; and

Desegregation.

"(iv) housing in support of desegregation efforts.

"(B) Any amounts retained in any fiscal year under subparagraph (A) that are unexpended at the end of such fiscal year shall remain available for the following fiscal year under the program under subsection (a)(1) from which the amount was retained. Such amounts shall be allocated on the basis of the formula under subsection (d)(D).".

Contracts. 42 USC 1437aa

(2) EFFECTIVE DATE.—Any assistance made available under section 213(d)(4) of the Housing and Community Development Act of 1974 before October 1, 1990, or pursuant to a commitment for such assistance entered into before such date, shall be governed by the provisions of section 213(d)(4) as such section existed before the date

of the enactment of this Act.

(3) INDIAN HOUSING.—In accordance with section 201(bX2) of the United States Housing Act of 1937, the amendment made by subsection (a) and the provisions of subsection (b) of this section shall also apply to public housing developed or operated pursuant to a contract between the Secretary of Housing and Urban Development and an Indian housing authority.

SEC. 105. REFORM OF CDBG DISCRETIONARY FUND AND PROVISION OF TECHNICAL ASSISTANCE.

(a) SPECIAL PURPOSE GRANTS.—Section 107(a) of the Housing and Community Development Act of 1974 42 use 5307. is amended—

(4) by striking "in a special discretionary fund" in the first sentence; and

(5) by striking all that follows the period at the end of the second sentence.

(b) AUTHORIZED USES.—Section 107(b) of the Housing and Community Development Act of 1974 is amended—

(1) by striking paragraphs (1) and (3);